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Ms. Mary Levine, Acting Director of Legal Affairs
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735 East Michigan Avenue
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Via Fax 517.241.8471

September 10, 2007

Re: Draft 2008 QAP

The Draft 2008 QAP is the most ill advised, potentially damaging housing document I have seen.

The political and economic consequences of this draft are severe and dire. The plan is so bad I cannot even comment on modifications of specific sections, even though I have gone through each one of the proposed provisions of the QAP. By the time I was finished highlighting my objections and perceived weaknesses in the plan, the copy I was reviewing was so full of highlighter that it resembled the MSHDA "goldenrod" sheets from the Board Meetings.

I object to the methodology used in preparing this draft. Of all the listening sessions I am aware of, there was NOT an overwhelming request for such a radical change to the QAP, even by our friends who are service providers and non-profits. This draft appears to have been composed in isolation by a single source, without economic models or forethought as to the demands of the private financial markets that invest in tax credits, and without regard to the inflationary project cost increases that the draft initiates though many of it's provisions such as calling for prevailing wage rates in all projects.

I object to the timing of the preparation of the draft. There has been general acknowledgement that the QAP would be revised, but this draft was distributed to the public, in parts and not in whole, and only very recently. This leads me to two questions;
1) was the plan NOT completely thought through before its release in parts, or
2) was the timing of the surprise announcement of the cancellation of the Fall round and the release of the draft in parts a purposeful play to reduce the public response and interaction period?

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I object to the proposed holdbacks, to their percentages and to their sub-allocations.

Below is my worksheet showing how I interpret the impact to the various sectors. The combined holdback for non-supportive housing "Other Projects", though still subject to the holdback categories and other provisions including prevailing wage requirements appears to be a grand total of \$3,215,000 or about 16% of the total State allocation. This is for new construction, rehab, and preservation, and still contains supportive housing requirements within each project for eligibility.

PROPOSED ALLOCATION PLAN

MICHIGAN 100% \$19,000,000 (approx annual tax credit allocation)

DETROIT	50%	\$ 8,000,000
Next Detroit	40%	\$3,200,000
Supportive Homeless	20%	\$1,600,000
CDC	20%	\$1,600,000
Other	20%	\$1,600,000

POVERTY DISTRESSED CITIES	15%	2,850,000
CDC	40%	\$1,140,000
Cool Cities	30%	\$ 855,000
Other	30%	\$ 855,000

RURAL	10%	\$1,900,000	(alternative years by region)
CDC	40%	\$ 760,000	
Other	40%	\$ 760,000	
Asst Living	20%	\$ 380,000	(estimated, one project every other year)

SUPPORTIVE HOUSING	20%	\$3,800,000
Homeless	50%	\$1,900,000
Other Supportive and And 1 Native American	50%	\$1,900,000

ASSISTED LIVING	5%	750,000	(one project per year)
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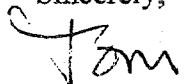
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When looking at the draft QAP in the context of the other sweeping changes in the MSHDA funding structure, I see a top-down master plan that the most prolific providers of affordable housing have not sought nor are in agreement with.

I object to the entire draft, and think it should be thrown out completely right now and be done with it. It is beyond patching up, it is beyond amendment, and it needs to be discarded immediately.

Please make sure this letter is posted on the MSHDA website.

Sincerely,


Tom Kostosky

